

Fiscal Note

BILL # HB 2182

TITLE: ALTCS; preadmission screening; cognitive impairment

SPONSOR: Bliss

STATUS: As Amended by House HHS

PREPARED BY: Chandler Coiner

Description

This bill would require the Arizona Health Care Cost Containment System (AHCCCS) to additionally consider the cognitive needs of an individual when assessing the individual's eligibility for the Arizona Long Term Care System (ALTCS) as part of its preadmission screening program as of July 1, 2027. The bill would require AHCCCS to weigh a cognitive and physical impairment equally if the impairment produces a similar level of functional difficulty.

Estimated Impact

The bill may increase costs for the ALTCS Elderly and Physically Disabled (EPD) program in AHCCCS and the Developmental Disabilities (DD) program in the Department of Economic Security if changes to the ALTCS preadmission screening (PAS) tool required by the bill result in an increase in the number of eligible individuals. Whether such impacts materialize would depend on how AHCCCS adjusts the PAS tool in response to the bill, which the agency would subsequently determine via a rulemaking process. As a result, we cannot determine the impact of the bill in advance.

AHCCCS stated at the January 27, 2025 House Health & Human Services Committee meeting that it believes the bill would broaden eligibility for ALTCS, increasing state costs. The General Fund covers 50% of the state cost of the ALTCS-EPD program, subject to adjustments specified in statute, as well as 100% of the state cost of the ALTCS-DD program. The agency also stated that there would be one-time administrative costs related to updating the preadmission screening processes for both the EPD and Developmental Disabilities (DD) programs. AHCCCS has not yet responded to our request for more details on its estimate of the fiscal impact.

Analysis

When assessing the eligibility of an applicant for the ALTCS program, AHCCCS first assesses whether the applicant is financially eligible. If the applicant meets the financial criteria, AHCCCS then assesses whether the applicant meets the medical eligibility criteria of requiring nursing facility or intermediate care facility levels of care. Current law requires AHCCCS to consider the functional, medical, nursing, social, and developmental needs of the applicant in its preadmission screening tool. This bill would require AHCCCS to additionally consider the cognitive needs of the applicant and weigh a cognitive and physical impairment equally if the impairment produces a similar level of functional difficulty.

The current PAS tool used to determine ALTCS-EPD eligibility looks at several categories of functioning, including "Activities of Daily Living" (ADLs). These activities include: mobility, transferring, bathing, dressing, grooming, eating, and toileting. If an applicant is unable to complete these ADLs without assistance from another person, this increases the likelihood that the applicant will meet the criteria for ALTCS coverage. In addition to the ADLs, certain emotional or cognitive behaviors are considered, such as wandering or resistiveness. Depending on the intensity and frequency, an applicant who has exhibited these behaviors in the last 90 days is more likely to meet the criteria for ALTCS coverage. The applicants' scores across these different categories are tallied and weighted, and the final score determines whether the applicant qualifies.



The current PAS system weighs the ADLs differently than the emotional or cognitive behaviors. AHCCCS may need to make changes to the weighting structure to comply with the bill's requirement that cognitive and physical impairments receive equal weights.

The bill defines cognitive needs as "prompting, monitoring and supervising daily activities." This may make it more likely that an applicant experiencing cognitive decline, such as an individual with Alzheimer's disease, would pass the preadmission screening and gain ALTCS coverage. (According to AHCCCS, a diagnosis of Alzheimer's disease does not, on its own, qualify an individual for ALTCS.)

The impact would depend on how AHCCCS modifies its preadmission screening program to incorporate an assessment of cognitive needs, which we cannot determine in advance.

Local Government Impact

County governments cover 50% of the state cost of the ALTCS-EPD costs, subject to adjustments specified in statute. The bill would therefore result in costs to counties if the bill results in increased eligibility for ALTCS-EPD as described above.

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